



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0123	Title:	Extend coal trust funded econ dev programs--reduce statutory approps
Primary Sponsor:	Jones, Llew	Status:	As Amended in Senate Committee

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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$3,065,000	\$3,065,000	\$6,065,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>(\$3,065,000)</u>	<u>(\$3,065,000)</u>	<u>(\$6,065,000)</u>

Description of fiscal impact: HB 123 as amended will continue a statutory appropriation for economic development programs enacted in 2000 at a reduced level through June 30, 2012, and then revert to the current allocation until June 30, 2019. The funding for these initiatives comes from Coal Tax Interest that would go to the general fund otherwise.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC):

- HB 123 as amended extends the June 30, 2010 sunset provisions for funding the programs enumerated in (Temporary) 15-35-108(8)(b), MCA, until June 30, 2019 at a reduced level in the FY 2011 and FY 2012. Programs include the Cooperative Development Center, the Growth Through Agriculture program, Research and Commercialization, Small Business Development Centers, Small Business Innovation Research, Certified Regional Development Corporations, Montana Manufacturing Extension Center, and Export Trade Enhancement.

2. The Department of Commerce annual allocation under current law is \$4.75 million. HB 123, as amended would reduce this amount to \$2.375 million for FY 2011 and FY 2012 and revert to the current allocation until the proposed legislation sunsets on June 30, 2019.
3. The allocation of funding to each of the economic development programs listed in assumption 1 would be as follows through 6/30/2012, and revert back to the current allocation:

Program	Current Funding	Proposed Funding 7/1/2010 to 6/30/2012		Difference
Cooperative Development Centers	\$ 65,000	\$ 65,000	\$	-
Growth Through Agriculture Program	\$ 1,250,000	\$ 625,000	\$	(625,000)
Department of Agriculture Programs:	\$ 1,315,000	\$ 690,000	\$	(625,000)
Research and Commercialization*	\$ 3,650,000	\$ 1,275,000	\$	(2,375,000)
Small Business Development Center*	\$ 125,000	\$ 125,000	\$	-
Small Business Innovation Research*	\$ 50,000	\$ 50,000	\$	-
Certified Regional Development Corporations*	\$ 425,000	\$ 425,000	\$	-
Montana Manufacturing Extension Center*	\$ 200,000	\$ 200,000	\$	-
Export Trade Enhancement*	\$ 300,000	\$ 300,000	\$	-
Department of Commerce Programs:	\$ 4,750,000	\$ 2,375,000	\$	(2,375,000)

Department of Agriculture

4. Effective July 1, 2010 and through June 30, 2012, the GTA program will receive \$625,000 instead of the current \$1.25 million annually and the MCDC will continue to receive \$65,000 annually.
5. Effective July 1, 2012 and through June 30, 2019, the GTA program will receive \$1.25 million annually and the MCDC will continue to receive \$65,000 annually.
6. Existing personal services include 3.00 FTE business development specialists, and 1.00 FTE marketing technician. Personal services are adjusted by an inflation factor of 2.5% each year.
7. Operating expenses include \$65,000 for distribution to the MCDC and loans to agricultural producers. The MCDC distribution remains fixed each year. The balance in operating expenses is adjusted by an inflation factor of 2.5% each year.

17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		X
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.		X

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| f. Other than for emergency purposes, it does not appropriate money from the state general fund. | X |
| g. The money is dedicated for a specific use. | X |
| h. The legislature wishes the activity to be funded on a continual basis. | X |
| i. When feasible, an expenditure cap and sunset date are included. | X |

Department of Commerce

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$0	\$217,436	\$217,436	\$212,184
Operating Expenses	\$0	\$457,564	\$457,564	\$462,816
Grants	\$0	\$425,000	\$425,000	\$425,000
Transfers	\$0	\$1,275,000	\$1,275,000	\$3,650,000
TOTAL Expenditures	<u>\$0</u>	<u>\$2,375,000</u>	<u>\$2,375,000</u>	<u>\$4,750,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$2,375,000	\$2,375,000	\$4,750,000
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$2,375,000</u>	<u>\$2,375,000</u>	<u>\$4,750,000</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Department of Agriculture

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$0	\$287,239	\$294,420	\$301,780
Operating Expenses	\$0	\$202,526	\$205,964	\$209,488
Grants	\$0	\$200,235	\$189,616	\$803,732
TOTAL Expenditures	\$0	\$690,000	\$690,000	\$1,315,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$690,000	\$690,000	\$1,315,000
TOTAL Funding of Exp.	\$0	\$690,000	\$690,000	\$1,315,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$3,065,000	\$3,065,000	\$6,065,000

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date